

## Message Text

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11

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

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E.O. 11652: N/A

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SUBJECT: EC EXPORT SUBSIDIES ON BARLEY MALT

REF: (A) 75 EC BRUSSELS 9201, (B) 75 EC BRUSSELS 9097,  
(C) STATE 235985

1. BEGIN SUMMARY: THE COMMISSION PROVIDED DATA ON RECENT EC BARLEY MALT

EXPORTS IN ORDER TO DEMONSTRATE THAT HIGH SUBSIDIES HAD NOT HAD AN  
APPRECIABLE IMPACT ON THESE EXPORTS. THE DATA, HOWEVER, ARE  
INSUFFICIENT TO INDICATE A TREND. END SUMMARY.

2. EC COMMISSION OFFICIALS CALLED IN MISSION OFFICERS TO REPLY TO OUR  
REQUEST FOR INFORMATION ON THE IMPACT OF EC SUBSIDIES AND CORECTIVE  
AMOUNTS ON BARLEY MALT EXPORTS (SEE REF B). WE HAD PREVIOUSLY EXPRESSED

USG CONVERN OVER THE DISRUPTIVE EFFECTS OF THESE SUBSIDIES ON US  
BARLEY MALT EXPORTS. THE COMMISSION GAVE US EXPORT DATA, OBTAINED  
REPORTEDLY FROM MEMBER STATES' GOVERNMENTS, ON THE LAST CROP YEAR  
( AUGUST 31, 1974 TO JULY 31, 1975) AND THE MOST RECENT DATA FOR THE  
FIRST FOUR MONTHS OF THIS CROP YEAR (AUGUST 1 TO NOVEMBER 10, 1975).

IN ADDITION, WE OBTAINED FROM PERMDEL SOURCES EXPORT DATA FOR THE  
1973/74 YEAR. BESIDES THE TOTAL EXPORT FIGURES, THESE DATA

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INCLUDE EXPORTS TO THE 11 MAJOR EC EXPORT MARKETS, WHICH ACCOUNTED FOR

70 PERCENT OF EC TOTAL BARLEY MALT EXPORTS IN 1974/75.

UNOFFICIAL STATISTICS ON EC EXPORTS OF BARLEY MALT

(1,000 MT)

	1973/74	1974/74	AUG.-NOV. 1975
TOTAL	678	720	283

(OF WHICH)

JAPAN	153	138	36
BRAZIL	68	82	15
VENEZUELA	42	52.5	20
USSR	59	48	37
SWITZERLAND	59	44	56.6
NIGERIA	25	34	11
ZAIRE	26	32	17
PHILIPPINES	33	32	7
S.AFRICA	17	22	11
PERU	14	15	8
ZAMBIA	5	15	4
SUBTOTAL	501	514.5	222.6

1- OF THIS AMOUNT, 30,000 MT WENT FOR FEED AND 20,000 FOR LIMITED OFFICIAL USE

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BREWING.

3. COMMISSION OFFICIALS SAID UNOFFICIAL DATA INDICATE THAT FOR THE FIRST FIVE MONTHS OF THIS CROP YEAR, I.E., AUGUST-DECEMBER 1975, BARLEY MALT EXPORTS HAVE TOTALED 323JOBWWAGMT. THESE PREL XMINARY DATA, THE COMMISSION ASSERTS, INDICATE (A) THAT THE HIGH SUBSIDY RATES IN MAY-JULY AND THE 12- MONTH FIXATIONPERIOD HAVE NOT APPRECIABLY AFFECTED EC EXPORTS;

(B) THERE IS NO OVERALL INCREASE SO FAR TO MAJOR EXPORT MARKETS; AND (C) SO FAR EXPORTS ARE NOT GROWING AT A RATE EQUAL TO THE PREVIOUS YEAR. THEY NTVTE THAT THESE EXPORTS TEND TO BE EVENLY DISTRIBUTED THROUGH THE CROP YEAR. CONSEQUENTLY NO SEASONAL CORRECTION IS NEEDED.

4. COMMISSION OFFICIALS SAID THAT SUSPENSION OF THE EXPORT SUBSIDY (EFFECTIVE AUGUST 15, 1975) CONTINUES TO BE IN EFFECT. HOWEVER, BECAUSE OF THE 12-MONTH PREFIXATION PERIOD, SOME EXPORTS CONTINUE TO BENEFIT FROM SUBSIDIES. THE COMMISSION WAS NOT ABLE TO PROVIDE ADDITIONAL INFORMATION ON PRODUCTION, CONSUMPTION AND PRICE DATA OF BARLEY MALT WHICH WE HAD REQUESTED EARLIER.

5. WE NOTED THAT THE ABOVE DATA WERE INSUFFICIENT TO EVALUATE THE IMPACT OF THE HIGH SUBSIDY RATES ON EC BARLEY MALT EXPORTS. THESE FIGURES ALSO NEED TO BE COMPARED TO WORLDWIDE MARKET TRENDS. COMMISSION OFFICIALS CONCEDE THAT THESE DATA COULD ONLY SERVE AS A GENERAL INDICATION OF CURRENT EXPORTS TRENDS.  
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